



## **ASX ANNOUNCEMENT**

**28 February 2011**

**MIKOH Corporation  
Limited**

ACN 003 218 863  
Level 5, 32 Martin Place  
Sydney NSW 2000  
AUSTRALIA

### **Accounts for the Half Year Ended 31 December 2010**

#### **Overview**

Revenues for the half year were up 169% to \$1,973,944 (2010: \$733,163) and the net loss for the same period was down 20% to \$1,892,672 (2010: \$2,406,390). These results were achieved as a result of the commencement of rollout of the Thailand AVI contract and the cost reductions implemented by directors.

During the period 33,899,500 shares were issued by directors. This issuance resulted in cash receipts, net of capital raising costs, of \$1,081,662 being raised, along with 10,759,501 (equivalent of \$482,442) shares issued as share based payments for consultants and directors as set out in Head Office Operational Expenses below.

#### **AVI/EVR**

The Smart&Secure tag business is now starting to make profits for the Company as a result of the rollout of the EVR system in Thailand. The revenues from this business for the period were \$1,764,728 giving a gross profit for the period of \$559,648. After deducting the costs of our staff, travel, marketing and development in other countries this business segment returned a net profit for the period of \$94,111. A second shipment of readers and 1 million tags is currently in transit to Thailand which will be recognised in revenue for the next half of the financial year.

#### **Printers**

The printer business continued to return disappointing results with revenue reflecting only sales of inks. During the period the development of the new servo driven printer was completed and was demonstrated to the industry in January and February 2011, receiving strong accolades. The loss for the period of \$328,374 will be diminished by the sale of this machine in March 2011. This business is still not regarded as a compatible business for the Company and efforts to sell the business are continuing.

#### **Subscribe Labels**

The label business revenue for the period was \$175,544 which gave a small loss of \$16,914. This business is not regarded by the Board as being compatible with the activities of a listed public company but would be profitable in the hands of a sole operator that did not have the overhead structure of a public company. The Board has therefore made a decision to dispose of this business.

#### **USA**

The operations in the USA have been significantly scaled down and now only two employees remain in the USA, Peter Atherton and David Rodriguez. Peter Atherton continues to remain closely involved with the Company's operations and is currently developing a new generation Smart&Secure tag which will be patented worldwide. Peter is also continuing with the development of the CertainID product as guaranteed identification of parties over the internet becomes a very hot issue.

David Rodriguez is in charge of overseeing the manufacture of the Smart&Secure tags in the USA. The loss of \$256,085 for CertainID and TransitVault represents the cost to the company of the USA research and development activities for the period.



### **Head Office Operational Expenses**

The costs of running the company for the half year were down 49% to \$1,385,410 (2010: \$2,644,176). Included in this amount were share based payments of \$484,841 to consultants, directors and the settlement with Mr Clark and Dr Keniry (also included was the value of the shares issued to the directors pursuant to the resolution at last AGM). A further amount included was the cost of legal fees of \$137,850 connected with the Clark dispute, none of these costs will reoccur.

Since December 2010 a further reduction of 5 consultants has occurred. In addition to this, it is with regret that I advise that Hans van Pelt will leave the Company at the end of February 2011 to commence a new business.

Hans and Stefanie Goh were instrumental in securing the Thailand contract for the Company and have been the drivers of the relationship with Somapa. While Hans will no longer be employed by the Company he will still have a close relationship into the future. Stefanie Goh has been appointed General Manager – Asia Region.

Overall I believe that the Company is now on a course to recovery. There is a firm strategy in place for the further development of the AVI/EVR business throughout Asia and with the recent announcement of the closer relationship with Kollakorn, the Company will share in much greater revenues than ever before. I look forward to meeting shareholders at the next EGM and giving a much more detailed update on the future of the Company.

A handwritten signature in black ink, appearing to read 'Richard Sealy', with a horizontal line underneath.

Richard Sealy  
**Managing Director**